

PUBLIC SERVICE COMMISSION
STATE OF MONTANA

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October 11, 2013

Mr. Joe Schwartzenberger
Regulatory Affairs Department
NorthWestern Energy
40 East Broadway
Butte, MT 59701

RE: Data requests in Docket D2013.5.34

Dear Mr. Schwartzenberger,

Enclosed please find data requests of the Montana Public Service Commission to NorthWestern Energy (NWE) numbered PSC-001 through PSC-019 in the above-referenced Docket. Please begin the response to each new numbered data request on a new page. Please provide responses by November 1, 2013. If you have any questions, please contact me at (406) 444-6191.

Sincerely,

Neil Templeton
Regulatory Division
Montana Public Service Commission

Service Date: October 11, 2013

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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|--|---|-----------------------|
| IN THE MATTER OF NorthWestern Energy's |) | REGULATORY DIVISION |
| Application for Unreflected Gas Cost Account |) | |
| Balance, Projected Gas Cost, and Gas |) | DOCKET NO. D2013.5.34 |
| Transportation Adjustment Clause Balance |) | |

**DATA REQUESTS PSC-001 THROUGH PSC-019 OF THE
MONTANA PUBLIC SERVICE COMMISSION
TO
NORTHWESTERN ENERGY**

PSC-001

Regarding: Electronic Worksheets
Witnesses: Smith, DiFronzo, Thomas

- a. Please provide working electronic copies of all Exhibits with all supporting files and links intact.
- b. Please update any exhibits that contain 2012-2013 estimates with actuals.

PSC-002

Regarding: SBW Report – Tables, Supporting Files, and Other Resources
Witnesses: Baker, McRae, DeBolt

Please provide a revision of Table 645 that incorporates the following:

- a. For each natural gas DSM or USB program in which evaluated energy savings differs more than 10% from reported savings, please describe the primary factors.
- b. For each natural gas program incorporate the calculated free ridership and spillover rate estimates.
- c. To the extent necessary, update the B/C ratios and CSE values for natural gas programs in Tables 648 and 649 based on the revised net realized savings.

- d. Please provide working electronic copies of all Tables with all supporting files and links intact.
- e. Please provide copies of all internal and external resources used to inform the estimates found in the Tables.

PSC-003

Regarding: DSM Impacts on Gas Supply Costs

Witness: Thomas

- a. Please provide estimates of annual total natural gas supply portfolio costs with and without planned non-USB DSM acquisition over NorthWestern's planning horizon. Please explain how the estimate is calculated and provide supporting work papers.
- b. Please provide estimates of residential natural gas supply service rates with and without planned non-USB DSM acquisition over NorthWestern's planning horizon, and with and without lost revenue.
- c. Please provide estimates of average residential natural gas bills with and without planned non-USB DSM acquisition over NorthWestern's planning horizon.
- d. Please provide separate estimates of average residential natural gas bills for participants and non-participants with planned non-USB DSM acquisition over NorthWestern's planning horizon, including lost revenue.

PSC-004

Regarding: Impacts of USB DSM Programs

Witnesses: Unknown

Does NorthWestern fund natural gas USB DSM programs in excess of statutory requirements? If so, please repeat the analyses requested in PSC-003 after including the USB DSM programs that are funded in excess of statutory requirements.

PSC-005

Regarding: Third Party Vendor impacts

Witness: Thomas

Describe and quantify any impacts on third-party DSM services vendors under contract to NorthWestern if NorthWestern terminated its natural gas non-USB DSM programs.

PSC-006

Regarding: DSM Program Unit Costs
Witness: Thomas

Please provide the unit cost (\$/Dkt) of all natural gas DSM programs for each tracker year since July 2007.

PSC-007

Regarding: Selection of SBW
Witness: Thomas

- a. Please provide the RFP used to select SBW, Inc.
- b. How many bids were submitted in relation to the RFP?
- c. Regarding p. 3, lines 18-19 of your supplemental testimony, please list all bidders that responded to NorthWestern's 2011 RFP and highlight the two finalists.
- d. How were respondents to the RFP scored and evaluated?
- e. Who made the decision to select SBW over the other finalist?

PSC-008

Regarding: SBW Report Costs
Witness: Thomas

Please provide an estimate of the final cost of the SBW Report, including regulatory expenses such as having SBW personnel appear as witnesses in various Commission proceedings.

PSC-009

Regarding: SBW Report Drafts
Witness: Baker

Please provide copies of drafts of any portion of the SBW Report that SBW sent to NWE.

PSC-010

Regarding: Free Ridership and Spillover
Witnesses: Baker, McRae

On p. 876 of its report SBW stated “A 2012 review of the NTG practices of 31 jurisdictions found that 42% had no NTG requirement, equivalent to an NTG value of 1.0 and a free ridership estimate that is fully offset by program spillover.” Please provide a copy of this review for the record.

PSC-011

Regarding: DEQ Appliance Program
Witness: Thomas

Please provide a breakdown of total resource and program costs attributed to NorthWestern, DEQ, program participants, and any other parties.

PSC-012

Regarding: Avoided Costs Used in the SBW Report
Witness: Thomas

- a. Please identify and provide the source documents that support the avoided costs used to calculate benefits in cost effectiveness tests for the natural gas programs.
- b. For each program, identify the length of time the DSM acquisition is supposed by NWE to be saving energy attributable to NWE’s DSM intervention, and thus what length of time of the avoided-cost stream it should be compared against.

PSC-013

Regarding: E+ Business Partners Program
Witness: Thomas

- a. Please provide an example showing how customer incentives are derived using total resource costs and any other relevant project variables.
- b. Does NorthWestern consider this program to be a core program? Please explain.
- c. Using rough proxy supply prices of \$0.06/kWh for electric supply and \$4.00/Dkt for natural gas, it appears that savings benefits from the electric side of this program exceeded natural gas savings benefits by a factor of about 25. In your opinion, what are the primary reasons for this savings difference?

PSC-014

Regarding: E+ Residential Existing Gas Rebate Program

Witnesses: Baker, McRae, DeBolt

- a. Please show the derivation of the final savings adjustment rate 0.58 in Table 407.
- b. Please evaluate the cost-effectiveness tests separately for the free kits and rebates sections of the program.

PSC-015

Regarding: E+ Residential Existing Gas Rebate Program

Witness: Thomas

- a. On p. 36 of your prefiled direct testimony you state that NorthWestern has decided to discontinue the Weatherization Events. The SBW Report indicates on p. 520 that the free kits component of the E+ Residential Existing Gas Rebates Program achieved a post site visit savings adjustment rate of 0.26 applied to reported savings of 257,089 dekatherms. What portion of the free kits reported savings came from Weatherization Events?
- b. Please explain the unfavorable economics of the Weatherization Events, if possible.
- c. Have you estimated a natural gas delivery “price point” at which the free kits subprogram would pass the total resource cost test? Would you expect high gas prices to inspire kit recipients to install more of the measures in the kits?
- d. Please provide and explain the derivation of the rebate levels for each measure listed in Table 404 of the SBW Report (pp. 505-507).
- e. Table 404 shows that high efficiency boilers, furnaces, and water heaters were eligible for rebates through 2011. Are these measures still available?

PSC-016

Regarding: Lost Revenues Associated with Natural Gas Production Assets

Witness: Thomas

- a. It does not appear that NorthWestern is requesting recovery of lost revenues associated with its gas production assets in this proceeding. Does NorthWestern realize material losses in fixed cost recovery of its natural gas production assets due to its participation in natural gas conservation programs?
- b. If so, does NorthWestern plan to include requests to recover lost revenues associated with these assets in future dockets?

PSC-017

Regarding: E+ Free Weatherization/Fuel Switch Program
Witnesses: Baker, McRae, DeBolt

On p. 415-416 of the SBW Report, SBW stated that it attempted to check the reasonableness of this program's savings estimates by comparing the results from a sample of cases to the Regional Technical Forum's savings estimates for weatherization measures. Although the RTF's estimates were nearly always lower than NorthWestern's savings estimates, SBW concluded that this was reasonable since the RTF estimates were derived assuming electric heat only, were not developed for low income applications, and used different baseline assumptions.

- a. How did you compare NorthWestern's natural gas savings estimates to the RTF electricity savings estimates?
- b. How would adjusting the initial conditions of a sample case to accommodate a low income household tend to change the expected value of the savings estimate in the RTF model?
- c. Would you expect the income variable to be correlated with other predictors in the model? If so, please describe.
- d. Please describe the baseline assumptions featured in the RTF and NorthWestern models. How do these assumptions differ between models?

PSC-018

Regarding: E+ Free Weatherization/Fuel Switch Program
Witness: Thomas

- a. On p. 413 of its report SBW stated that this program is funded using a mix of NorthWestern's USB, federal, and other dollars. Please provide the proportionate contribution of NorthWestern USB dollars to total funding in all years.
- b. On p. 415 SBW states that it was unable to check the reasonableness of savings estimates in the tracking database using the CDS Energy Audit System provided by DPHHS because the documentation in the project files was incomplete, the documentation did not include the input screens, and the hand-completed forms were not fully completed and often illegible. Why did NorthWestern provide SBW with project files that were impossible to evaluate?

PSC-019

Regarding: NEEA Initiatives

Witnesses: Baker, McRae, DeBolt, Thomas

- a. The SBW Report states on p. 760 that in 2006 and 2007 NorthWestern's share of savings from clothes washers was based on funder share. Table 625 shows that evaluated natural gas savings from clothes washers in those years equaled 6,536 dekatherms. Regarding the use of evaluated savings to calculate the value of a throughput disincentive and lost revenues, would it be correct to conclude that if NorthWestern had not contributed funds to NEEA in those years, it would have enjoyed an expected increase in load on its natural gas delivery system of 6,536 dekatherms due to reduced regional savings from high-efficiency clothes washers?
- b. From 2008 onward NorthWestern's share of savings was based on its share of units shipped to Montana. Table 625 of the SBW Report showed that evaluated natural gas savings from clothes washers equaled 52,054 dekatherms from 2008 through 2011. If NorthWestern had not participated in the NEEA programs, would it be correct to conclude that zero of the units responsible for the estimated 52,054 dekatherms of natural gas savings would have been shipped to Montana? In order to establish a throughput disincentive value, could you estimate what portion, if any, of these units were shipped to Montana as a direct result of NorthWestern's participation in NEEA?
- c. In general, regarding evaluated natural gas savings of 80,711 dekatherms shown in Table 615, please provide an estimate of the portion of the savings that NorthWestern could credibly maintain are directly due to its funding of NEEA.